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FM AMEMBASSY BUDAPEST

TO RUEHMO/AMEMBASSY MOSCOW IMMEDIATE 0601

RUEHVI/AMEMBASSY VIENNA IMMEDIATE 1702

RUEHWR/AMEMBASSY WARSAW IMMEDIATE 0505

RUCPDOC/DEPT OF COMMERCE WASHDC IMMEDIATE

RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE

RUEHC/SECSTATE WASHDC IMMEDIATE 1499

INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BUDAPEST 001051

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DEPARTMENT PLEASE PASS TO NSC FOR ADAM STERLING; EUR FOR
NCE AND DAS BRYZA

E.O. 12958: DECL: 06/26/2012

TAGS: PREL ENRG PGOV HU

SUBJECT: THE SIDE OF THE ANGELS: ORBAN ON ENERGY SECURITY,
THE TRANSATLANTIC RELATIONSHIP, AND CUBA

REF: BRYZA-FOLEY E-MAIL JUNE 26

Classified By: P/E COUNSELOR ERIC V. GAUDIOSI; REASONS 1.4 (B) AND (D)

¶1. (U) This is an action message. Please see para 10 for
action request.

¶2. (C) An energetic and upbeat Viktor Orban met with
Ambassador Foley June 27 to discuss energy security, the
transatlantic relationship, and Cuba (domestic political
issues septel).

ENERGY SECURITY: SUPPORTING THE GOH; "FIGHTING ON ALL FRONTS"

¶3. (C) The FIDESZ president made clear that he is closely
following ongoing efforts by the Austrian oil corporation OMV
to purchase Hungary's MOL, a maneuver both company and party
officials feel is a front for a Russian takeover. He had
been briefed on the reftel meeting in Frankfurt, and assured
us that he had agreed to "follow the government's lead" on
the issue. He understands that the GoH will speak publicly
on the takeover effort today, and will take the position that
the purchase of a "flagship" company by another parastatal is
"unacceptable." FIDESZ Vice-President Mihalj Varga will then
issue a statement of support for the government's stand.

¶4. (C) At the same time, MOL has retained the local offices
of Baker-McKenzie, the firm of former FM Janos Martonyi, to
research legislative options to restrict foreign purchases of
strategic holdings. Orban listened with great interest to
our overview of US measures in this field, and warmly
welcomed cooperation with the USG - specifically expert
advice on US legislation - in this field, including the US
Committee on Foreign Investment in the US (CFIUS).

¶5. (C) Emphasizing his intention to "fight on all fronts,"
Orban also advised that he will be actively engaged with
Warsaw to encourage Polish cooperation with MOL (ref a). He
believes the GoH damaged its relations with the Polish
government with its critical comments during the recent EU
Summit, alleging that Prime Minister Gyurcsany had agreed to
support the German position "in exchange for a five-hour
visit by Chancellor Merkel in August." He hopes that his
"personal friendships" with Polish officials can help repair
the damage and focus on the Russian threat.

¶6. (C) Orban concluded on an optimistic note, commenting
that the price of MOL stocks had already been pushed "higher
than OMV had anticipated," thus eroding the economic benefits
of a takeover. He hopes that the efforts of MOL management

will prove sufficient to deter further efforts.

CUBA: SPONSORSHIP FOR POLITICAL PRISONERS

¶7. (C) Turning briefly to Cuba, Orban noted that he had met with representatives of the Cuban opposition on the margins of a conference sponsored by the International Center on Democratic Transition (ICDT). FIDESZ officials including Orban have agreed to "sponsor" Cuban political prisoners, undertaking to support their families and to publicize their cases. Parliamentary Foreign Affairs Committee Chairman Zsolt Nemeth, who joined Orban for the meeting with Ambassador Foley, will meet again with the Cuban delegates to follow up.

TRANSATLANTIC TIES ... AND A TRANSATLANTIC TRIP?

¶8. (C) Commenting on the Transatlantic relationship, Orban and Nemeth looked back on "real progress" in the past six months, highlighted by the US initiative on climate change and by Europe's growing recognition of Russia's economic expansionism. Orban admitted frankly that both his personal reputation and his party's have suffered in the U.S., but he sees strong alignment on issues including Missile Defense, Energy Security, and Kosovo. Acknowledging previous concerns re the "revival of the far right," he suggested that the real threat now is the "survival and return of Russia and the far left." Nemeth framed Hungary's role in the context of the broader Transatlantic relationship, expressing hope for continued progress "with Merkel in Berlin and Sarkozy in Paris." Orban agreed, underscoring his strong support for Hungary's bid to host the C-17s of NATO SAC initiative as a means to "provide a positive example of America and NATO" in

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order to increase support for more strategic investment in defense.

¶9. (C) Comment: This brings us back to the question of an Orban trip to the U.S., a trip Orban would like to make in the fall. Whether as a matter of convenience or conviction, FIDESZ has worked hard to establish its Transatlantic bona fides, often pressing the Gyurcsany government on key issues such as Energy Security and Missile Defense. Orban may be no angel, but he is on the side of the angels on these issues.
End Comment.

¶10. (C) Action Request: We accordingly recommend that Washington agencies consider receiving him at a senior level in the fall. In the near-term, we strongly recommend that the USG provide an expert to consult with Hungarian officials re the question of legislative approaches to limit foreign control of strategic assets.

FOLEY